

# Entrepreneurship and Business Ownership Test

## Multiple Choice

Identify the choice that best completes the statement or answers the question.

- \_\_\_\_\_ 1. The most common form of businesses in the United States is \_\_\_\_\_.  
a. franchise c. corporation  
b. partnership d. sole proprietorship
- \_\_\_\_\_ 2. \_\_\_\_\_ businesses are the principle source of new jobs in the United States.  
a. Global c. Virtual  
b. Small d. Home-based
- \_\_\_\_\_ 3. The term \_\_\_\_\_ refers to the concept that the owner of a business is fully responsible for a company's debts.  
a. regulate c. franchise  
b. unlimited liability d. limited liability
- \_\_\_\_\_ 4. When entrepreneurs find new ways to solve old problems they demonstrate their \_\_\_\_\_.  
a. creativity c. enthusiasm  
b. independence d. inquisitive nature
- \_\_\_\_\_ 5. Forming your type of business ownership will determine how the Federal, State, and Local Government will recognize your business for \_\_\_\_\_ purposes.  
a. advertising c. criminal  
b. tax d. spying
- \_\_\_\_\_ 6. Many entrepreneurs were influenced in life by a \_\_\_\_\_, a person whose attitude and achievements they tried to emulate  
a. event c. vision  
b. monster d. role model
- \_\_\_\_\_ 7. People become entrepreneurs for \_\_\_\_\_ reasons besides making money.  
a. a few simple c. all the same  
b. a variety of d. three specific
- \_\_\_\_\_ 8. A new business undertaking involves risk and is called a(n) \_\_\_\_\_.  
a. enterprise c. venture  
b. gamble d. journey
- \_\_\_\_\_ 9. Which of the following types of business ownership are open to unlimited liability?  
a. partnership c. corporations  
b. sole proprietorship d. both A and C
- \_\_\_\_\_ 10. All of the following are challenges of Entrepreneurship except  
a. building an enterprise c. uncertain income  
b. being fully responsible for the business d. getting funds to start the business
- \_\_\_\_\_ 11. Cost of raw materials, laws passed, and consumers buying power all represent the \_\_\_\_\_ which are present in the "environment" of a business start-up.  
a. ideas c. variables  
b. constants d. labels
- \_\_\_\_\_ 12. Being the boss and having the freedom to creates one's own schedule is considered a \_\_\_\_\_ of being an Entrepreneur.  
a. benefit b. challenge
- \_\_\_\_\_ 13. An \_\_\_\_\_ undertakes the creation, organization, and ownership of a business.  
a. leader c. entity  
b. corporation d. entrepreneur
- \_\_\_\_\_ 14. True or False: Commercial zoning means the dwellings located in this area are intended for living purposes and not for business activity.  
a. False b. True
- \_\_\_\_\_ 15. The term \_\_\_\_\_ refers to a claim that holds a firm's owners responsible for no more than the capital they have invested in it.  
a. regulate c. unlimited liability  
b. limited liability d. franchise

- \_\_\_\_\_ 16. A business can be classified as a “small business” if it has fewer than \_\_\_\_\_.  
 a. 500 employees c. 10 employees  
 b. 100 employees d. 50 employees
- \_\_\_\_\_ 17. If one of your goals is to limit your personal liability, it would be best to organize your business as a \_\_\_\_\_.  
 a. sole proprietorship c. franchise  
 b. limited liability corporation d. partnership
- \_\_\_\_\_ 18. Sometimes, buying a business is less \_\_\_\_\_ than starting one from scratch.  
 a. thoughtless c. viable  
 b. scary d. risky
- \_\_\_\_\_ 19. Marissa doesn’t have any business management experience but is determined to become a business owner. She asks for your advise on purchasing a business or beginning one from scratch. Based on what you know from this passage, which path would you recommend Marissa take (which path will be easier for her)?  
 a. purchasing a business b. starting one from scratch
- \_\_\_\_\_ 20. Most successful entrepreneurs have similar \_\_\_\_\_.  
 a. experience c. goals  
 b. characteristics d. backgrounds
- \_\_\_\_\_ 21. Internet businesses are often called \_\_\_\_\_ businesses.  
 a. home-based c. brick and click  
 b. virtual d. start up

### Matching

*Match the type of business ownership with the scenario below:*

- |                        |  |
|------------------------|--|
| a. Sole Proprietorship | d. Limited Liability Corporation (LLC) |
| b. Partnership         | e. Franchise                           |
| c. Corporation         | f. Non-profit Organization             |
- D** 22. Joan is the “managing member” for her business, **Proda LLC**. She enjoys the benefit of ownership but with limited liability.
- B** 23. Jeffery and Miranda have been best friends since high school. For the past 10 years, they’ve been in business together operating their small business, **Pet4You**.
- A** 24. This year, Joey’s business, **Pressed Rock**, will profit \$155K. Joey will keep all of this profit from his business.
- F** 25. Becky and her mother started a business last year that provides meals for the homeless. They rely heavily on private donations and some government grants to keep their business afloat (operating).
- C** 26. Shaun just gained ownership in Microsoft Corp through his purchase of 1,000 shares of their common stock.
- E** 27. Dana has always loved Subway and has decided to turn her love into a business venture. She contracted with Subway last month and will be opening up her very own Subway in two weeks.

*Match the benefit or disadvantage with the appropriate form of business ownership.*

- |                        |                |
|------------------------|----------------|
| a. Sole Proprietorship | c. Corporation |
| b. Partnership         |                |
- B** 28. Personality conflicts can result in breaking-up the company
- C** 29. Double taxation occurs in this form of business ownership
- A** 30. Least regulated form of business ownership
- C** 31. Easy to raise capital through the selling of stock (ownership)
- A** 32. Limited access to capital or harder to obtain credit
- B** 33. Each person brings different skills and talents to the business

### Short Answer

34. List two advantages you immediately have if you buy a business (as opposed to starting one from scratch).

## **Entrepreneurship and Business Ownership Test Answer Section**

### **MULTIPLE CHOICE**

- |            |        |
|------------|--------|
| 1. ANS: D  | PTS: 1 |
| 2. ANS: B  | PTS: 1 |
| 3. ANS: B  | PTS: 1 |
| 4. ANS: A  | PTS: 1 |
| 5. ANS: B  | PTS: 1 |
| 6. ANS: D  | PTS: 1 |
| 7. ANS: B  | PTS: 1 |
| 8. ANS: C  | PTS: 1 |
| 9. ANS: B  | PTS: 1 |
| 10. ANS: A | PTS: 1 |
| 11. ANS: C | PTS: 1 |
| 12. ANS: A | PTS: 1 |
| 13. ANS: D | PTS: 1 |
| 14. ANS: A | PTS: 1 |
| 15. ANS: B | PTS: 1 |
| 16. ANS: A | PTS: 1 |
| 17. ANS: B | PTS: 1 |
| 18. ANS: D | PTS: 1 |
| 19. ANS: A | PTS: 1 |
| 20. ANS: B | PTS: 1 |
| 21. ANS: B | PTS: 1 |

### **MATCHING**

- |            |        |
|------------|--------|
| 22. ANS: D | PTS: 1 |
| 23. ANS: B | PTS: 1 |
| 24. ANS: A | PTS: 1 |
| 25. ANS: F | PTS: 1 |
| 26. ANS: C | PTS: 1 |
| 27. ANS: E | PTS: 1 |
| 28. ANS: B | PTS: 1 |
| 29. ANS: C | PTS: 1 |
| 30. ANS: A | PTS: 1 |
| 31. ANS: C | PTS: 1 |
| 32. ANS: A | PTS: 1 |
| 33. ANS: B | PTS: 1 |

### **SHORT ANSWER**